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Community Bank of the Bay Announces Record Earnings for 2013 First Quarter

OAKLAND, CA - Community Bank of the Bay (CBYAA.OB), a San Francisco Bay Area commercial Bank with locations in Oakland, Danville and San Jose, reported Net Income of \$843 thousand for the quarter ended March 31, 2013, including a tax loss carry forward of \$625 thousand.

2013 First Quarter Financial Highlights

- Net Income for the 2013 First Quarter totaled \$843 thousand, or \$0.20 earnings per share. Operating Income net of the tax loss carry forward totaled \$217 thousand, or \$0.05 earnings per share, an increase of \$89 thousand, or 69 percent, from \$128 thousand (net of \$691 thousand due to the reversal of a previously accrued deferred liability) reported in the 2012 Fourth Quarter.
- Total assets at March 31, 2013 were \$163.2 million compared to \$135.0 million at March 31, 2012. Average earning assets for the 2013 first quarter reached \$139.5 million, an increase of \$21.1 million, or 17.9 percent, compared with the 2012 first quarter.
- Deposits increased \$8.2 million to \$139.1 million in the First Quarter of 2013, and represented a 6.2 percent increase from the prior quarter. Deposits increased \$28.7 million or 26.0 percent from the prior year.
- Loans increased \$1.2 million to \$111.1 million in the First Quarter of 2013, and represented a 1.1 percent increase from the prior quarter. Loans increased \$15.4 million or 16.1 percent from the prior year.
- Non-Accrual Loans increased \$474 thousand to \$3.7 million in the First Quarter, and represent 3.32 percent of Total Loans. \$469 thousand of the increase is due to the repurchase and restructure of a SBA guaranteed loan. Other Assets Owned, including real estate remained unchanged at \$339 thousand in the First Quarter. Combined Non-performing Assets totaled \$4.0 million, and represent 2.46 percent of Total Assets.
- Net Interest Margin increased five basis points to 4.55 percent, compared with 4.50 percent for the 2012 Fourth Quarter and decreased fourteen basis points from 4.69 percent for the 2012 First Quarter.
- Capital Levels remain well above FDIC "Well Capitalized" standards. First Quarter 2013 Equity of \$17.7 million resulted in Tier 1 Leverage of 11.70 percent and Tier 1 Risk-Based and Total Risk-Based Capital Ratios of 15.69 percent and 16.95 percent respectively.

"The first quarter was really about preparing for and then executing our headquarters move to 180 Grand, Oakland on March 30. After seventeen years in the same location the Bank's team exhibited a tremendous effort in executing a seamless transition," stated William S. Keller, President and Chief Executive Officer. "Our clients have been very supportive and their reaction to the new office has been extremely positive. We strive to be counted among our clients' trusted advisors and now our offices reflect that vision.

"As we look deeper into the coming year we expect to benefit from improved operating efficiencies and a growing earning asset base. Loans outstanding reached \$118 million before settling back at quarter end due to payoffs, but nonetheless represented our fifth consecutive quarter of higher loan totals. While deposits have experienced more fluctuation, we are

extremely pleased with our year over year growth of 26 percent. We continue to make investments in personnel and are implementing enhancements to other areas of the Bank such as our on-line presence in order to keep up these positive trends.”

“In addition, the board voted to reverse \$625 thousand of the valuation allowance related to its deferred tax asset that resulted from past losses. After consulting with the Bank's tax advisors, management and the board determined that the past five quarters of profitability and the prospect of continued profitability, warrant the reversal. The Bank will continue to reduce its tax obligation by applying this asset until it is exhausted,” added Frank Tsai, Chairman of the Board.

About Community Bank of the Bay

Community Bank of the Bay (OTCBB: CBYAA) serves the financial needs of closely held businesses and professional service firms, as well as their owner-operators and non-profit organizations throughout the San Francisco Bay Area. Community Bank of the Bay is a member of the FDIC, an SBA Preferred Lender, and a CDARS depository institution, headquartered in Oakland, with offices in Danville and San Jose, CA. It is also one of only two certified Community Development Financial Institutions in the Northern California market. The bank is recognized for establishing the Bay Area Green Fund to provide financing to sustainable businesses and supports environmentally responsible values. Additional information on the bank is available online at www.communitybankbay.com.

Forward-Looking Statements

This release may contain forward-looking statements, such as, among others, statements about plans, expectations and goals concerning growth and improvement. Forward-looking statements are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether to reflect new information, future events, or otherwise, except as required by law.